

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 AGR-20 STR-08 TRSE-00 COME-00

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AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

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PASS AGRICULTURE

E.O. 11652: NA

TAGS: AGR

SUBJ: MEAT TRADE PROBLEM

REF: STATE 110296

1. AGRICULTURAL ATTACHE HAS DISCUSSED GRAVITY
OF CURRENT DANISH AND WORLD MEAT SITUATION WITH
VARIOUS MINAGR AND AGRICULTURAL COUNCIL OFFICIALS
IN RECENT WEEKS AND HAS SET FORTH U.S. VIEWS ON
LONG-TERM NATURE AND WORLD-WIDE SCOPE OF PROBLEM.
DANES, WHILE HIGHLY CONCERNED WITH IMMEDIATE
DANISH AND EC BEEF AND POULTRY CRISIS, HAVE SEEN
THE MEAT PROBLEM IN MUCH NAROWER AND SHORTER-RANGE
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TERMS. THEIR FOCUS IS ON AN EC SOLUTION TO
THE ITALIAN IMPORT RESTRICTIONS ON BEEF AND ON

EXPANDED INTERVENTION STOCKING AND DISPOSAL SCHEMES. THEY EXPECT THE EC AGREEMENT TO CUT BACK POULTRY SLAUGHTER AND THE INCREASED SUBSIDY ON POULTRY EXPORTS TO LARGELY RESOLVE THE POULTRY PROBLEM BY LATE SUMMER AND, ASSUMING THE ITALIAN MARKET IS REOPENED, THEY EXPECT THE INTERNAL EC BEEF SUPPLY AND DEMAND SITUATION TO COME INTO BALANCE BY THE FALL OF 1974. THEY ALSO FORESEE A STRENGTHENING OF PORK PRICES WITHIN THREE OR FOUR MONTHS. IN NO CASE HAVE THEY SEEN STIMULATION OF EC CONSUMPTION BY MEANS OF LOWER PRICES TO CONSUMERS AS A REALISTIC APPROACH TO BALANCING SUPPLIES AND DEMAND NOR DO THEY FORESEE THE CAP MECHANIZATION PERMITTING THIS TO HAPPEN. MAINTENANCE OF PRODUCER PRICES NEAR PRESENT LEVELS REMAINS THE GOAL.

2. IN BRINGING THE SPECIFIC U.S. INTEREST SET FORTH IN REFTEL TO TOP LEVEL MINAGR OFFICIAL (KRISTENSEN), IT WAS APPARENT FOCUS REMAINS ON ITALIAN SOLUTION, WHICH HE WAS OPTIMISTIC WOULD BE REACHED NEXT WEEK IN LUXEMBOURG AGRICULTURE MINISTERIAL MEETING. (HE SAW PART OF ITALIAN SOLUTION AS LYING IN RESTRICTION OF FLOW OF EAST EUROPEAN BEEF ONTO ITALIAN MARKET.) HE ADMITTED PRESENT MEAT CRISIS WAS UNFORESEEN AND HAS COUGHT EC BRUSSELS AND MEMBER COUNTRIES UNPREPARED. WHILE HE FELT IMMEDIATE URGENCY FOR DENMARK WAS TO REGAIN ITALIAN MARKET, HE AGREED THAT MEAT PROBLEM WOULD PROBABLY BE OF GREATER SCOPE AND LONGER DURATION. HE VOLUNTEERED THAT EC SHOULD TRY NOT TO EXPORT IS PROBLEM TO THIRD COUNTRIES AND SAID HE FELT THERE ARE MISAPPREHENSIONS AND A LACK OF UNDERSTANDING OF THE MAGNITUDE OF THE MEAT IMBALANCE AT THE EC COMMISSION AND AMONG MEMBER COUNTRIES. HE SUGGESTED IT WOULD BE USEFUL TO FOCUS ON THE WORLD MEAT SITUATION IN A LARGER FORUM, SUCH AS OECD, HE ASKED TO RESUME THE DISCUSSION
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WITH THE AGATTACHE IN COUPLE OF WEEKS, AFTER THE ITALIAN RESTRICTION HAD HOPEFULLY BEEN OVERCOME AND HE AND HIS STAFF HAD AN OPPORTUNITY TO FOCUS ON BROADER ASPECTS OF THE MEAT SITUATION IN MORE DEPTH.

3. IN MEANTIME DENMARK HAS BEGUN DEBONING OPERATIONS IN ORDER TO INCREASE QUANTITIES THAT CAN BE PLACED IN OVERFLOWING BEEF INTERVENTION STOCKS. ALSO PROCESSING OF INTERVENTION BEEF

INTO CANNED BEEF IS EXPECTED TO START SOON.
SLAUGHTERINGS FOR ITALIAN MARKET HAVE RECOVERED
TO 75 PERCENT OF NORMAL. DANISH EXPORT CREDIT
COUNCIL HAS EXPTENDED GUARANTEE TIME LIMITS FROM
NORMAL 4 WEEKS TO UP TO SIX MONTHS TO COVER
ITALIAN CENTRAL BANK DEPOSIT REQUIREMENTS.
RUMORS HAVE IT THAT ADDITIONAL ASSISTANCE TO
DANISH MEAT EXPOTERS IS UNDER CONSIDERATION.
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